

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 235 - HB 932**

February 23, 2017

**SUMMARY OF BILL:** Exempts from the occupational privilege tax physicians who are inactive and earn no income from the practice of medicine.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-4-1708(a), the occupational privilege tax does not apply to individuals who are inactive or retired pursuant to the regulations of the appropriate licensing board.
- The Tennessee Board of Medical Examiners' Inactive Form (PH-4270) states that licensees not actively engaged in the practice of medicine in Tennessee who wish to maintain their license on inactive status, and who are actively engaged in the practice of medicine in another state, may inactivate their license by doing the following: complete, have notarized, and mail in the Inactivation Form; pay the licensure inactivation fee of \$50; submit the equivalent of a Tennessee Certificate of Endorsement from licensing board in each state in which the applicant is actively practicing; and comply with the licensure renewal rules provided in Rule 0880-02-.09.
- Such individuals are currently incentivized to seek inactive status by the Board, as they are only required to pay a one-time inactivation fee of \$50, but are exempt from the \$400 annual occupational privilege tax.
- This bill will exempt from the occupational privilege tax any physician who presents to the Board of Medical Examiners a certified affidavit attesting to such person's inactive status in the practice of such profession and lack of earned income from the practice of such profession.
- It is assumed that such individuals will be exempt from the occupational privilege tax, even if all appropriate steps are not taken to obtain an inactive license by the Board, including a payment of the \$50 fee.
- There will not be a significant increase in the number of individuals that will be exempt from the occupational privilege tax as such individuals are incentivized to obtain an inactive license under current law.
- It is further estimated that any decrease in inactivation fee revenue to the Board of Medical Examiners will be not significant.

- Pursuant to Tenn. Code Ann. § 9-4-5117(a), all health-related boards are required to be self-supporting over a two-year period. The Board had closing balances of \$135,490 in FY14-15 and \$90,688 in FY15-16 with a cumulative reserve balance of \$688,558 as of June 30, 2016.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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